

FISCAL NOTE

HB 2021 - SB 2134

April 22, 2005

SUMMARY OF BILL: Requires the Department of Health to establish a Prescription Drug Assistance Program to facilitate prescription cost savings for residents by purchasing drugs from Canada.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$319,200 Recurring
\$54,500 One-Time**


Other Fiscal Impact – To the extent the program is approved by the U.S. Secretary of Health and Human Services, could result in a decrease in state and local expenditures exceeding \$1,000,000 for state and local health plans. If the TennCare program was authorized to participate in the program, could result in a decrease of state and federal expenditures exceeding \$2,000,000.

Assumptions:

- An ASA 4 position for the Department of Health to operate the toll-free number, collect and distribute information on Canadian pharmacy drugs and programs available, and assure that the links of the website are current on Canadian drugs estimated at \$43,300 for salary and benefits, travel, communications, and \$4,300 one-time for office set-up.
- Website adjustments and toll-free number set-up estimated at \$50,200 one-time and \$900 recurring.
- \$25,000 recurring to produce brochures on the program.
- A contract with a Canadian Pharmacy Benefits Manager is estimated at \$250,000.
- The U.S. Department of Health and Human Services has to approve any programs that include the purchase of Canadian drugs before states can implement such programs. The state health plans and the local govt. health plans could have a decrease in expenditures if the program is approved and implemented.
- If the TennCare program was authorized to participate in such a program, it could result in a decrease of expenditures exceeding \$2,000,000. TennCare currently sends over \$2 billion dollars on pharmaceuticals.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director